



ARMY ACQUISITION REFORM



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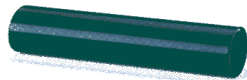
FLEXIBLE LONG TERM CONTRACTS

(FLTCs) . . . A Cycle Time Reduction Success Story

Normal contracting time for sustainment items, using sealed bids, historically **averaged 180 days**. The U.S. Army Communications-Electronics Command (CECOM) Acquisition Center has demonstrated that this time could be **reduced to under six days through the use of flexible long term contracts**. The reduced time to award allows for more accurate forecasting of needs and smaller amounts of inventory to be carried. CECOM has saved between \$8-10M by reducing the inventory safety level. FLTC uses one contract to award multiple "like-technology" stock items. It is three to five years in duration. FLTCs are pre-priced, similar to a Sears Catalog. Forty logistics personnel have been trained in their use and empowered, as Ordering Officers, to place delivery orders. Minimal oversight is required by the Procuring Contracting Officer. Economies of scale are maximized. Cycle time and costs also are reduced on a systematic basis. In FY96, 13 contracts were utilized by the CECOM Acquisition Center to obligate 629 secondary items. This was 79% of the FY96 Defense Base Operations Fund Budget. Using old methods, over 600 contracts would have had to be let. The point of contact for this article is Ms. Rosemary McGovern, DSN 992-3818, E-mail: mcgoverr@doim6.monmouth.army.mil.



BA-5598



BA-5800



BA-5112



BA-5567



BA-5588

Lithium batteries are one of CECOM's lead time reduction success stories. Since September 1994, **administrative and procurement lead times have been reduced 72% to a 186 day cycle**. An Integrated Product Teaming concept was used to pre-plan and develop acquisition strategies, ensuring continuity of soldier support and readiness. In September 1996, CECOM awarded two five year Flexible Long Term Contracts for batteries. Contract awards occurred from one solicitation, using best value and performance based specifications, requested via the commands' Electronic Bulletin Board. The acquisition utilized the Life Cycle Cost Model, in lieu of Cost as an Independent Variable, because this tool was more appropriately applied to the commodity being sought. There is an evaluated option available on these contracts to implement the Direct Vendor Delivery/Just-in-Time/Electronic Data Interchange program during FY98.